

LOS ANGELES COUNTY HOSPITAL* (Continued)

CALIFORNIA AND WESTERN MEDICINE, in its issues of February (see pages 73 and 97), March (see pages 156 and 216), and April (see pages 234 and 297), printed articles in which attention was called to certain procedures in vogue in the Los Angeles County General Hospital, as regards admission of patients, billing of indigent patients, follow-up methods in attempting to collect from indigents and near indigents, legal phases and other matters. For the information of those who have been interested in the important principles involved, some press clippings, in which later developments are outlined, are printed below.

Hospital Probe To Call New Witnesses

Following new attacks by Dr. George H. Kress, President of the Los Angeles County Medical Association, against the system of charging patients at the General Hospital, the County Grand Jury today was planning to call additional witnesses in an investigation of the situation.

Doctor Kress, a member of the staff of the hospital, placed his charges before the jury and in an informal discussion with the jurors asserted that in some cases the hospital charges patients higher fees than the average physician would demand.

He said he believed the hospital should not care for non-indigent patients and that indigents should not be billed for treatment they receive. The medical care given at the hospital, he pointed out, is absolutely free, being donated by 508 physicians and surgeons who give their time and skill so that indigents may not suffer.

In a recent magazine article Doctor Kress cited a case where he said a charity patient at the General Hospital was billed for a \$136 operating room fee which, at an exclusive Hollywood hospital would have cost but \$12.50. He also declared that the county maintains a collecting bureau which spends more than \$100,000 annually sending bills to former General Hospital patients totaling more than \$4,000,000, of which only about \$300,000 is collected.

It was expected that Rex Thomson, County Superintendent of Charities, would be among the witnesses called by the jury to give the county's side of the matter. Following publication of Doctor Kress's magazine article Thomson declared that under State law the county is compelled to collect the amount of actual cost of service from patients able to pay.—Los Angeles Evening Herald Express, April 7.

Cites County Loss in General Hospital Plan of Billing Indigents

Billing indigent County Hospital patients is unprofitable as well as unethical, Dr. George H. Kress had informed the County Grand Jury today.

A member of the General Hospital medical staff as well as President of the Los Angeles County Medical Association, Doctor Kress was closeted with the jury for more than an hour, making and supporting charges which are expected to lead to an audit of hospital records.

It costs \$109,000 a year to bill patients who have received treatment at the hospital, Doctor Kress said, and although \$4,000,000 worth of bills were sent out last year, only \$300,000 was collected.

Much of this, he added, was from persons unable to afford the high fees charged—fees which, he declared, are often greater than in private hospitals.

"I know of one case where a patient was billed \$136 for operating room service which would have cost only \$12.50 in the most expensive private hospital in Los Angeles."

Doctor Kress pointed out that the hospital was actually accepting free services from physicians and then attempting to sell them to indigent patients.

"General Hospital is staffed by 508 of the county's best medical men," he said. "They volunteer their services to care for indigents—services worth \$2,000,000 a year—and neither ask nor receive fees, but the hospital charges for the work they do."

The Medical Association president suggested that hospital services be confined to those who are indigents or near indigents and that services for indigents should be free, for near indigents at nominal rates.

A test case in Kern County, upheld by the Appellate Court in 1936, held the billing of indigents for county hospital services clearly illegal, Doctor Kress concluded.

The jurors, although announcing no decision, indicated they would question Superintendent of Charities Rex Thomson on the matters touched by Doctor Kress and then probably order an audit of hospital books.—Los Angeles Evening News, April 7.

* Concerning Los Angeles County Hospital topics here discussed, see CALIFORNIA AND WESTERN MEDICINE: issues of February, 1938, on pages 73 and 97; March, on pages 156 and 216; and April, on pages 234 and 297.

Hospital Fees Protest Aired

Doctor Kress Tells Grand Jury of Asserted Excessive Charges

Cumulative protests against charges assessed against patients at General Hospital were placed before the Grand Jury yesterday by Dr. George H. Kress, a member of the county institution's medical staff.

In an informal discussion with the jury as a whole, Doctor Kress declared that in some instances higher fees were assessed than the average physician charges.

Services Donated

"Moreover, these people receiving treatment at the hospital are supposed to be indigents—supposedly unable to pay even a fraction of regular costs," Doctor Kress said.

The physician then explained that there are 508 doctors who volunteer their services to care for the indigents and that the hospital is charging for duties these doctors perform, but for which they do not ask nor receive a fee.

May Order Audit

Of approximately \$4,000,000 in bills sent out for hospital charges each year, about \$300,000 is collected, Doctor Kress said. Cost of collecting the bills from indigents and emergency cases runs more than \$100,000 annually, he said.

The jury indicated that an audit of hospital records may be ordered.—Los Angeles Times, April 7.

California

(Comments in *Journal of the American Medical Association*, March 19, 1938)

Admission and Collection System Attacked in Charges of County Hospital Graft.—A Grand Jury investigation of the system of admission and collections at the Los Angeles County General Hospital is suggested in an article by Dr. George H. Kress, published in the February issue of CALIFORNIA AND WESTERN MEDICINE. Doctor Kress takes exception to the practice of billing all indigents for hospitalization charges. In addition he terms the amounts charged "stupid and outrageous." He charges that since July 1, 1937, when a new system of admission and collections was introduced at the hospital, the administration has overstepped its bounds in billing all indigents. Prior to July 1, billing was restricted to those hospital patients for whom bills were recommended by the hospital social service department. In answer to an inquiry from Doctor Kress the superintendent of charities stated: "It was felt that it would be more equitable to bill all patients and then arrange payments in accordance with financial ability, rather than bill only a restricted group selected on the basis of immediate financial ability." Charges were made to conform, so far as possible, to the actual cost to the county of providing care, it was said. Under the new system, the client is made aware of his obligation even though there is no immediate prospect of payment. Doctor Kress criticizes this practice and asks the purpose of an elaborate system of bookkeeping to carry accounts which are known in advance to be of no value, in view of the fact that indigent or near indigent are classified as "free" patients. In some instances efforts have been made to force patients to give liens on insurance and property they may have in the future; many patients have been "bombed" with bills, the letters being almost mandatory in their request for payment, the article asserts. The department of charities, replying to Doctor Kress, denied that the Kern County Hospital Appellate Court opinion, rendered in January, 1936, which declared that county hospitals may hospitalize and care only for indigent or near indigent persons, was used as a basis for claiming reimbursement from a county client. The opinion was considered, however, when the board of supervisors adopted a new schedule of charges for hospital care, based on a cost accounting system, to supersede the old flat rate of \$4 per day. In his analysis of the system at the hospital, Doctor Kress uses the total of 56,774 in-patients who received care in the fiscal year 1936-1937. For this group the average number of patient days was 14.7. There are 508 physicians, surgeons and specialists who give their services gratuitously to the institution, the value of which to the group of 56,774 was estimated to be \$2,000,000. In contrast, Doctor Kress compares the fund of \$2,865,654 collected by the Community Chest from 1,000,000 persons in Los Angeles. For the period 1936-1937 the county received \$306,974.02 on accounts for the Los Angeles County Hospital, indicating that the institution received payment from patients while the entire group of professional persons providing the care received not one cent. From July 1 to November 1, 1937, bills amounting to \$1,169,921.87 were prepared by the hospital business office; on this basis the total amount of bills sent out for hospitalization to cover the entire year would be \$3,509,765.61. About 90 per cent of the statements appear to be "bureaucratic bookkeeping," Doctor Kress

declares, pointing out that maintenance of the bureau that sends out these notices cost \$109,383.09, or 18.7 cents on the dollar collected.

Los Angeles Woman Cleared of Relief Perjury Charge

Tragedy in the form of a broken leg, a major operation, lack of employment, a reportedly broken home and finally arrest, was followed today by a ray of sunshine in the life of Mrs. Blanche Baker, a wheel-chair cripple, when Municipal Judge Newcomb Condee freed her after a preliminary hearing on a charge of perjury.

The woman, who was wheeled into court by her attractive daughter, Joan, twenty, was charged with making an affidavit that she was destitute and without means of support when she applied at the General Hospital last month for a major operation whereas the hospital authorities contended her husband, Albert, was earning \$150 a month as a lumber worker and was qualified to support her and pay the bill.

"The hospital could do better than to quibble over a case of this kind where the woman had a broken leg, was ill and destitute," Judge Condee commented as he discharged the complaint.

The husband testified he had been separated from Mrs. Baker for years, did not support her, and that he admitted her into his home at 1018½ South Vancouver Street after the operation because the daughter, Joan, had brought her there.

Deputy District Attorney John Galliano said he did not concur in Judge Condee's freeing the woman whereupon the jurist offered to wager \$5 with him that no judge or jury would convict her.

About one hundred persons in the courtroom applauded when Mrs. Baker was told to go home. — Los Angeles *Herald-Express*, April 11.

Mother in Wheelchair Free in Chiseling Case

"I think it contrary to public policy to quibble over an affidavit made by a woman flat on her back in a hospital and under the influence of sedatives."

That statement from Municipal Judge Newcomb Condee brought cheers and applause from a crowded courtroom when he refused to hold for Superior Court trial Mrs. Blanche Baker, forty-four, brought into court in a wheel-chair to be tried as a "charity chiseler."

Arrested and charged with technical perjury the day after she was discharged from General Hospital, Mrs. Baker was accompanied to court today by her twenty year old daughter, Joan Baker.

After calling witnesses to prove the technical charge that Mrs. Baker claimed, while ill in the hospital, that she had no one to support her, when, in truth, her estranged husband had a \$150-a month job, Judge Condee dismissed the case.

Judge Condee expressed sharp disapproval of the practice of harassing and worrying sick persons in General Hospital by forcing them to answer questions and sign affidavits when hardly out of the operating room.

Albert Baker testified he had been estranged from his wife and did not support her but did support his daughter.

Mrs. Lee Phifer, 3053 Whittier Boulevard, testified Mrs. Baker came to her on March 5 ill and without funds and she had taken her in. Three days later, she said, Mrs. Baker collapsed with a hemorrhage and the landlady sent her to General Hospital despite Mrs. Baker's desire to go to a private hospital. — Los Angeles *Evening News*, March 11.

PRESS CLIPPINGS: ON MATTERS MEDICAL

Having Relationship to Scientific and Organized Medicine

Private Practice Brings Progress in United States Medicine

Chicago.—(By Science Service).—The United States has made greater progress in providing medical care for its people under the present system than any country that has abandoned that system and the nation should, therefore, hesitate to adopt any system that would give less progress toward good health.

That is the American Medical Association's answer to the report of Miss Josephine Roche, head of the Interdepartmental Committee to Coördinate Health and Welfare Activities of the United States Government. The report was just presented recently to the President. The American Medical Association has commented on it editorially in the *Journal*.

Miss Roche's report, in the opinion of the medical association's editor, says in effect that the answer "to the

problem of medical care is sickness insurance and federal or other subsidy or both."

Failure of the authors of the report to mention the positive side of present American accomplishments in the field of medicine and health "gives their report a dismal tone beyond what the situation warrants," the medical association's editor comments. He adds:

"Our progress up to now, which is greater than that in any country that has abandoned our system in behalf of some socialized system of medical care, should cause hesitation in rejecting the pattern of progress that has brought such results, in favor of patterns that have been tried elsewhere with far less success."

Rockefeller Gifts Policy Liberalized

Rockefeller Groups Give Wider Scope for Use of Funds

New York, March 20.—(AP)—The Rockefeller Foundation and the General Education Board today announced adoption of a liberalizing policy to permit recipients of gifts to endowment funds to have wide discretion in their uses.

At the same time the foundation, created by the late John D. Rockefeller, disclosed its appropriations and authorizations in 1937 totaled roughly \$5,000,000.

Look to Future

"These liberalizing provisions," said a preliminary report, written by Raymond B. Fosdick, president of the Foundation, "represent an attempt to free the future from frozen funds and 'tired' endowments, in the belief that the wisdom of this generation cannot be substituted for the wisdom of the next in the solution of problems hidden from our eyes."

"The endowments affected by these provisions amount to \$51,000,000 given to date by the Rockefeller Foundation, and \$148,000,000 given by the General Education Board."

Gifts Total

Rockefeller, who died in his ninety-eighth year on May 23, 1937, gave away about \$530,000,000 before his death. He gave a total of \$446,000,000 to establish four funds: The Rockefeller Institute for Medical Research, the General Education Board, the Rockefeller Foundation, and the Laura Spellman Rockefeller Memorial. In addition he had made individual contributions of about \$84,000,000 for educational, religious, and charitable purposes.

"Specifically," the announcement said, "under a resolution passed by both boards in 1937, notification is sent to each recipient that it is the desire of the boards that, the gift, 'whether the income only is spent or the principal as well, shall always be regarded as available for use in the broadest way so as best to promote the general purpose for which it was made.'"

Provisions Outlined

"The notification contains the provisions outlined in general terms in the three succeeding paragraphs:

"1. Ten years after the date of the gift, the income from it may be used in whole or in part for some purpose other than that for which the gift was made, such purpose to be as reasonably related to the original purpose as may be found practicable at the time, having regard to intervening changing conditions.

"2. Beginning five years after the date of the gift 5 per cent of the principal of the fund may be used each year for any purpose for which income may then be used.

"3. After the expiration of twenty-five years, any part or the whole of the principal may be used for some other purpose, the new purpose—as in point one—to be as reasonably related to the original purpose as may be found practicable at the time, having regard to intervening changing conditions."

Money Spent

Since the founding of the four funds by Rockefeller, the announcement goes on, a total of \$645,000,000 has been spent in eighty-eight different countries.

Explaining the liberalizing move, the announcement says Rockefeller himself "trusted the future."

"He did not think that benevolence and wisdom were confined to his generation. He was not under the illusion that what seems important today will necessarily be important tomorrow."—Los Angeles *Times*, March 21.

General Tax for Medical Care Urged

Federal Subsidy for Schools, Hospitals, and Laboratories Also Sought by United States Society

New York, April 4.—(AP)—General taxation to help pay for medical care and Government subsidy for medical schools, hospitals, and laboratories that "produce" medical